MAMOU FIRE PROTECTION DISTRICT NO. 1

Evangeline Parish, Louisiana

Financial Report

Year Ended December 31, 2005

Under provisions of state law, this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-9-06

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Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

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We have reviewed the accompanying financial statements of the Mamou Fire Protection District No. 1, a component unit of the Evangeline Parish Police Jury, as of and for the year ended December 31, 2005 in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of the Mamou Fire Protection District No. 1.

A review consists principally of inquiries of Mamou Fire Protection District No. 1 personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements. Accordingly, we do no express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana June 29, 2006

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REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

As management of the Mamou Fire Protection District No. 1, we provide readers of the District's financial statements this narrative overview and analysis of the financial activities of the District, for the twelve months ended December 31, 2005. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

The financial statements provide these insights into the results operations for the twelve months ended December 31, 2005.

- A significant portion of the District's net assets (69%) are invested in capital assets, which accounts for \$1,012,410 of the District's \$1,477,187 total net assets.
- Revenues totaled \$217,283 while operating expenses totaled \$247,689 with salaries and payroll taxes representing 7 percent.
- The District noted a negative cash flow of \$30,406 from operations.

Using This Financial Report

This report contains a series of financial statements. The statement of net assets on page 7 and the statement of revenues, expenses, and changes in net assets on page 8 provide information on all activities of the District as a whole. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The accompanying financial statements present information only on the funds maintained by the District.

All of the District's expenses incurred for the provision of fire services are reported in a governmental fund. This fund is reported using the accrual basis of accounting, which measures revenues when earned and expenses when incurred.

Financial Analysis of the Town as a Whole

Our analysis below will focus on key elements of the total funds for the twelve months ended December 31, 2005.

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 464,777
Capital assets	_1,012,410
Total assets	<u>\$1,477,187</u>
Liabilities	275,000

Condensed Statement of Net Assets (continued)

Net assets:

Investment in capital assets, net of related debt 737,410 Unrestricted 464,777

Total net assets \$1,202,187

Change in Net Assets

Operating revenues	\$ 207,790
Operating expenses	247,689
Operating income	(39,899)

Nonoperating revenues

Interest income 9,493

Decrease in net assets \$ (30,406)

Capital Assets

The District had invested \$1,209,495 in capital assets as of December 31, 2005. Capital assets are categorized as follows:

Land	\$	63,922
Buildings and improvements		240,903
Fire trucks		643,949
Equipment		260,721
		
Total capital assets	\$ 1	.209.495

Additional information on the District's capital assets can be found in Note 5, page 17.

Long-Term Debt

The District had an outstanding certificate of indebtedness bond, series 1995 in the amount of \$375,000 at an interest rate of 5.75%, secured by revenues of the District's Millage Tax. Balance on this indebtedness was paid in full as of December 31, 2005.

The District was issued in 2005 certificates of indebtedness, series 2005 in the amount of \$275,000 at an interest rate of 3.90%, secured by revenues of the District's Mileage Tax. Balance owed on this indebtedness as of December 31, 2005 is \$275,000.

Additional information on the District's long-term debt can be found in footnote 6 on page 17 of this report.

Additional Information

Mamou Fire Protection District No. 1 is currently funded through a 8.07 mill 10 year property tax and is scheduled to expire on December 31, 2014.

Requests for Information

This financial report is designed to provide a general overview of the Mamou Fire Protection District No. 1 finances for all those with and interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rheinhard Bieber, Chairman, Mamou Fire Protection District No. 1, 909 Cherry Street, Mamou, LA 70554.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets December 31, 2005

ASSETS

Current assets:		
Cash		\$ 19,646
Bond Cash		78,626
Certificates of deposit		203,503
Interest receivable		2,925
Accounts receivable		160,077
Total current assets		464,777
Capital assets:		
Land		63,922
Buildings and improvements		240,903
Fire trucks		643,949
Equipment		<u> 260,721</u>
		1,209,495
Less: Accumulated depreciation		<u>(197,085)</u>
Total capital assets, net of accumulated	d depreciation	<u>1,012,410</u>
Total assets		1,477,187
	LIABILITIES	
Certificate of indebtedness		275,000
	NET ASSETS	
Invested in capital assets, net of related de	bt	737,410
Unrestricted		464,777
Total net assets		\$ 1.202.187

Statement of Activities For the Year Ended December 31, 2005

				Program 1	Revenu	es	Net Revenues (Expenses)
Functions/Programs	Ex	xpenses		rges for rvices	Gra	erating ants and cributions	Governmental Activities
Governmental Activities General government Interest on long-term debt	\$	246,395 1,294	\$	<u>-</u>	\$	4,927 -	(241,468) (1,294)
Total governmental activities	\$	247.689	\$		\$	4.927	(242,762)
	Genera	al Revenues					
	State	alorem taxes revenue shar est earnings	ing				162,204 40,659 9,493
Total general revenues		212,356					
	Chang	e in net assets	5				(30,406)
	Net as:	sets, beginnin	ıg				1,232,593
	Net as:	sets, ending					<u>\$ 1.202.187</u>

FUND FINANCIAL STATEMENTS

Balance Sheet Governmental Funds For The Year Ended December 31, 2005

ASSETS

Current assets:	
Cash	\$ 19,646
Bond cash	78,626
Certificates of deposit	203,503
Interest receivable	2,925
Accounts receivable	<u>160,077</u>
Total assets	<u>\$ 464.777</u>
FUND BALANCE	
Unrestricted	464,777
Total liabilities and fund balance	<u>\$ 464,777</u>

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For The Year Ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:	170.000	e 162.204	\$ (7,796)
Taxes State	170,000 26,000	\$ 162,204 40,659	\$ (7,796) 14,659
Forestry Grant	4,900 4,900	4,927	14,039
Total operating revenues	200,900	$\frac{4,327}{207,790}$	6,890
rour operating revenues			0,050
Operating expenditures: Current Operating -			
Communications equipment	4,000	4,179	(179)
Contract labor	-	3,328	(3,328)
Equipment rental	20,000	19,075	925
Fire equipment	20,000	28,494	(8,494)
Fireman training	1,000	609	` 391
Fuel	5,000	4,682	318
Insurance	22,000	23,744	(1,744)
Legal ads	2,000	2,160	(160)
Legal and accounting	2,000	3,445	(1,445)
Miscellaneous	7,800	8,301	(501)
Office expense	2,000	1,259	741
Payroll taxes	3,000	2,851	149
Per diem paid board members	2,000	1,680	320
Salaries and wages	16,080	14,489	1,591
Supplies	3,500	6,079	(2,579)
Truck & building maintenance	30,000	17,796	12,204
Utilities/telephone	9,000	10,762	(1,762)
Volunteer Firemen reimbursement	24,000	24,625	(625)
Capital outlay-fire truck	185,644	185,644	-
Principal payments	45,000	45,000	
Interest payments	1,600	1,294	306
Total operating expenses	405,624	<u>409,496</u>	(3,872)
Operating income (loss)	(204,724)	(201,706)	3,018
Nonoperating revenues:			
Interest	6,500	9,493	2,993
Other financing sources:			
Long term debt proceeds	<u>275,000</u>	<u>275,000</u>	
Change in fund balance	76,776	82,787	6,011
Fund balance, beginning	<u>381,990</u>	<u>381,990</u>	
Fund balance, ending	\$ 458,766	<u>\$ 464,777</u>	\$ 6.011

Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Assets For The Year Ended December 31, 2005

Total Fund Balances - Total Governmental Funds	\$ 464,777
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmenal Funds Balance Sheet	1,012,410
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet	(275,000)
Total Net Assets - Governmental Activities	\$1,202,187

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of the Governmental Funds to the Statement of Activities For The Year Ended December 31, 2005

Net Changes in Fund Balances - Total Governmental Funds	\$	82,787
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		116,807
Governmental funds report bond proceeds as other financing sources but, these proceeds represent an increase in liabilities in the Statement of Net Assets.	,	(275,000)
Governmental funds report principal paid as an expenditure but, in the Statement of Activities, these payments represent a reduction in liabilities. This is the amount of principal paid in the current period.	***********	45,000

\$ (30,406)

Change in Net Assets - Governmental Activities

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legal Organization

Mamou Fire Protection District No. 1 of Evangeline Parish was created by the Evangeline Parish Police Jury, as authorized by Louisiana Revised Statutes 40:1491-1493. The Fire District is governed by a five member board of commissioners appointed by the Evangeline Parish Police Jury. The fire district is authorized to construct, maintain, and improve the system of fire protection within the district.

The Mamou Fire Protection District No. 1 is a component unit of the Evangeline Parish Police Jury.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. Both the government-wide and fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Taxes and items not properly included among program revenues are reported as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Accounting

The Fire District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

MAMOU FIRE PROTECTION DISTRICT NO. 1

Evangeline Parish, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements of the Mamou Fire Protection District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using a flow of current financial resources measurement focus. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All major revenues are susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

Budget And Budgetary Accounting

The Fire District adopts a budget for the General Fund during December of the year preceding the year budgeted. All budgetary items are from the original budget adopted by the Fire District.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the Fire District.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost. Donated assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements 20 - 40 years Fire Trucks 15 years Equipment 10 - 30 years

Use of Estimates

The preparation of the financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are stated at cost, which approximates market.

Under state law these deposits must be secured at all times by federal deposit insurance or the pledge of securities. At December 31, 2005 the District had \$98,272 in cash secured by federal deposit insurance (Category 1) and \$203,503 in certificates of deposit secured by pledged securities (Category 3).

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the bank's trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the bank has failed to pay deposited funds upon demand.

NOTE 3 RETIREMENT SYSTEM

The employees of the district are covered by social security.

Notes to Financial Statements

NOTE 4 AD VALOREM TAXES

Taxes are levied by the District in October and are actually billed by the Evangeline Parish Sheriff's Department in November. Billed taxes become delinquent on December 31. The Sheriff's Department sends out past due notices in early February. In May, the Sheriff advertises a sale on all property for which taxes have not been paid and the Sheriff's sale is held during June.

For the year ended December 31, 2005, taxes of 8.07 mills were levied on property and were dedicated to Fire Protection.

NOTE 5 CAPITAL ASSETS

Capital assets and depreciation activity, as of and for the year ended December 31, 2005, are as follows:

	Balance 1/1/05	Additions	Deletions	Balance 12/31/05
Governmental activities Land Buildings and improvements Fire trucks Equipment Total	\$ 63,922 240,903 458,305 260,721 1,023,851	\$ - 185,644 	\$ - - - -	\$ 63,922 240,903 643,949 260,721 1,209,495
Less accumulated depreciation	128,249	<u>68,836</u>		<u>197,085</u>
Governmental activities Capital assets, net	<u>\$ 895,602</u>	<u>\$ 116,808</u>	<u>s</u> -	\$1,012,410

Depreciation expense of \$68,836 was charged to governmental activities.

NOTE 6 LONG-TERM DEBT

The Fire District issued \$375,000 in Certificates of Indebtedness, at an interest rate of 5.75%, secured by revenues of the District's Millage Tax. The proceeds were used to purchase 3 fire trucks. Principal payments are due annually on March 1 of each year and interest payments are due semi-annually on March 1 and September 1 of each year. This Certificate of Indebtedness was paid out in 2005.

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (Continued)

The Fire District issued \$275,000 in Certificates of Indebtedness, at an interest rate of 3.90%, secured by revenues of the District's Millage Tax. The proceeds were used to purchase 2 fire trucks. Principal payments are due annually on March 1 of each year and interest payments are due semi-annually on March 1 and September 1 of each year. Principal payments to maturity are as follows:

2006	\$ 24,000
2007	24,000
2008	25,000
2009	26,000
2010	27,000
2011	27,000
2012	29,000
2013	30,000
2014	31,000
2015	32,000
	\$275,000

The following is a summary of changes in general long-term debt for the year ended December 31, 2005:

	Balance	Bond	Principal	Balance
	1/1/05	Proceeds	Payments	12/31/05
Certificates of Indebtedness	\$ 45,000	\$ 275,000	\$ 45,000	\$ 275,000

NOTE 7 PER DIEM PAID BOARD MEMBERS

The following is a summary of per diem paid to Board members for the year ended December 31, 2005:

Spencer Long	\$ 420
Rheinhard Bieber	120
Tique Manuel	360
Earl LaFleur	420
Greg Monier	 360
Total	\$ 1.680

SUPPLEMENTAL INFORMATION



Darnall, Sikes, Gardes Frederick.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners Mamou Fire Protection District No. 1 Mamou, Louisiana

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Rachel W. Ashford, CPA

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Mamou Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Mamou Fire Protection District No. 1's compliance with certain laws and regulations during the year ended December 31, 2005 included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of which is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

 Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was one purchase exceeding \$15,000 and no public works exceeding \$100,000. The purchase was made in accordance with the public bid law.

Code of Ethics for Public Officials and Public Employees

Obtain from management a list of the immediate family members of each board member as
defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of
all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with required list.

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4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list of immediate family members provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting which indicated that the budget had been adopted.

Compare the revenues and expenditures of the final budget to actual revenues and expenditures
to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% or more. Actual expenditures did not exceed budgeted expenditures by 5%.

Accounting and Reporting

- 8. Randomly select 6 disbursements made during the period under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval.

Page 3

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

A notice of each meeting and the accompanying agenda is posted on the door of the meeting place. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion. Minutes of Meeting are printed in the local newspaper as evidenced by invoices.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness other than the proceeds of the Series 2005 Certificates of Indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for any such payments. We also inspected payroll records for the year and note no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Mamou Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana June 29, 2006